

Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 IOE-00 ACDA-19 CIAE-00 INR-10 L-03

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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 4167

INFO AEC GERMANTOWN

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1. SUMMARY: GROUP ESTABLISHED WORKING PARTY ON IAEA-UNIDO COMMON SERVICES ARRANGEMENTS, AND NOTED THAT ACCOUNTS FOR 1973 SUCCESSFULLY DISPOSED OF ROC ARREARAGE PROBLEM. REPORT OF DISCUSSION ON 1975-80 PROGRAM AND BUDGET SEPTEL. GROUP MEMBERS APPEARED JADED WITH QUESTION OF TARGET FOR VOLUNTARY CONTRIBUTIONS FOR 1975 AND SOME MEMBERS ALMOST DISPOSED TO ALLOW LDC'S TO DO WHAT THEY WISHED WITH IT, AND THEN LET DONORS IGNORE IT, RATHER THAN FIGHT OVER LEVEL OF TARGET. GROUP FINALLY REACHED SHAKY CONSENSUS TO TRY FIGURE OF \$4-MIL-LION ON PRINCIPLE LDC'S, BASED LARGELY ON ARGUMENT THAT MOST REPS SAW LITTLE CHANCE OF CONTRIBUTIONS TOWARD A HIGHER FIGURE. END SUMMARY.

2. IAEA GENEVA GROUP MET ON MARCH 26, 1974 AT US MISSION, WITH US (PORTER) AND UK (JACKSON) JOINTLY CHAIRING SESSION. MEMBERS PRESENT INCLUDED: AUSTRALIA, BELGIUM, CANADA, FRANCE, ITALY, JAPAN, NETHERLANDS. SWITZERLAND WAS REPRESENTED BY OBSERVER; SWEDISH OBSERVER ABSENT. AGENDA APPROVED FOR MEETING INCLUDED REPORT BY CO-CHAIRMEN ON XI CONSULTATIVE LEVEL MEETING, AGENCY'S ACCOUNTS FOR 1973, AND PROGRAM AND BUDGET FOR 1975-80, TARGET FOR VOLUNTARY CONTRIBUTIONS FOR 1975, AND EXPANSION OF PROGRAM RELATED TO INTRODUCTION OF NUCLEAR POWER IN DEVELOPING

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COUNTIES.

3. CONSULTATIVE LEVEL MEETING: NOTE ON MEETING AND SWISS GENEVA STATEMENT ON ROLE OF SWISS FRANC AS UN BUDGETARY CURRENCY CIRCULATED TO MEMBERS. UK SUGGESTED THAT IAEA GROUP DEFER DISCUSSION OF CURRENCY INSTABILITY PROBLEM (WHICH NOTE REFERRED TO LOCAL GROUPS) PENDING REPORT OF RESULTS OF UN WORKING GROUP'S CONSIDERATION; THERE WAS NO OBJECTION. GROUP NOTED THAT ACABQ WILL MEET IN VIENNA IN MAY, PRIMARILY TO CONSIDER VIENNA AS VENUE FOR UN CONFERENCES, AND THAT IT MIGHT ALSO EXAMINE QUESTION OF COMMON SERVICES FOR IAEA AND UNIDO UPON OCCUPANCY OF DONAUPARK PERMANENT HEADQUARTERS COMPLEX NOW UNDER CONSTRUCTION. ALTHOUGH GROUP NOT FORMALLY SIEZED OF UN VENUE QUESTION, SOME DELS VOICED RESERVATIONS ABOUT PREMATURE EXPANSION OF VIENNA CONFERENCE ROLE, PRIMARILY ON BASIS CURRENTLY INADEQUATE INFRASTRUCTURE IN VIENNA. US AND UK REPORTED THAT JOINT IAEA/UNIDO SECRETARIAT WORKING GROUP HAD VINALLY BEGUN ACTIVELY CONSIDERING COMMON SERVICES; AFTER DISCUSSION, GROUP REACHED CONSENSUS THAT PROBLEM SHOULD BE VERY CAREFULLY WATCHED, AND ESTABLISHED WORKING GROUP (FRANCE, CANADA, US; SWITZERLAND COOPERATING AS OBSERVER) TO CONFER WITH SECRETARIATS, AND PREPARE REPORT EXAMINING MATTER IN DETAIL. WG WILL COMMENCE WORK AFTER IAEA AND UNIDO SPRING CONFERENCE SCHEDULE ENDS WITH IAEA BOARD MEETING WEEK OF JUNE 10.

4. AGENCY ACCOUNTS FOR 1973: AS USUAL, ACCOUNTS PROVOKED LITTLE DISCUSSION. CANADA REPORTED THAT EXTERNAL AUDITOR'S RESERVATION (FIRST IN HISTORY THAT ANYONE KNEW OF) RELATED TO \$193 DISCREPENCY IN AGENCY'S FAVOR IN CANADIAN DOLLAR-AUSTRIAN SCHILLING CASH BANK BALANCE; ERROR WAS CALLED TO EXTERNAL AUDITOR'S ATTENTION BY SECRETARIAT, WHICH WAS NOW CONFIDENT THAT CAUSATIVE FACTOR HAS BEEN CHASED OUT OF COMPUTER PROGRAMS. GROUP AGREED NO FURTHER ACTION WAS REQUIRED. UK NOTED THAT ACCOUNTS, WHILE DELICATELY AVOIDING MENTION OF NAME CHINA, SUCCESSFULLY DISPOSED OF ARREARS OF ASSESSED CONTRIBUTIONS LEFT BY ROC IN DECEMBER 1971. NO MEMBER RAISED ANY OBJECTION TO OR QUESTION ABOUT PROCEDURE USED, AND WITHOUT DISCUSSION GROUP AGREED IT WELL THAT PROBLEM THUS DISPOSED OF.

5. AGENCY PROGRAM AND BUDGET FOR 1975-80: REPORT OF GROUP
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DISCUSSION (INCLUDING RECOMMENDATIONS FOR US POSITIONS AT
A&B COMMITTEE) SEPTTEL.

6. TARGET FOR VOLUNTARY CONTRIBUTIONS: BELGIUM, FRANCE AND ITALY ARGUED STRONGLY THAT THEY HAD ALWAYS OPPOSED CONCEPT OF TARGET FOR CASH CONTRIBUTIONS, THAT UNREASONABLE LDC ATTITUDE NOW ADDED PROOF OF UNREALITY OF WHOLE DISCUSSION, AND THAT THIS CONCEPT SHOULD THREFORE BE ABANDONED BY DONORS.

IN ITS PLACE, DONORS COULD ACCEPT DESIRABILITY OF MAKING CERTAIN TOTAL AMOUNT OF RESOURCES AVAILABLE FOR PROVISION OF TA BY AGENCY, WITH IT LEFT STRICTLY UP TO DONORS WHETHER THIS AMOUNT BE IN CASH OR IN KIND. BELGIUM POINTED OUT THAT WHILE IT COULD PROBABLY ACCEPT HIGHER TARGET THIS YEAR, THIS WOULD RESULT IN REDUCTION OF ITS IN-KIND CONTRIBUTIONS -- WHEN ASKED IF THIS BOILED DOWN TO KNOWING HOW MUCH THEY WOULD CONTRIBUTE AND NOT REALLY CARING FORM IT TOOK, BELGIAN REP INDICATED ASSENT. US OBSERVED WE MIGHT BE CAUGHT IN SOMEWHAT SIMILAR POSITION. CANADA INDICATED THAT IN PRINCIPLE IT AGREED WITH FRANCE, BUT QUESTIONED WHETHER IT POLITICALLY FEASIBLE TO GET LDC'S TO ACCEPT EFFECTIVE ABANDONMENT OF CAHS TARGET. UK FELT THIS

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DEFINITELY UNREALISTIC, AND ARGUED THAT INFLATION RATE IT FELT APPROXIMATED 10 PER CENT PER ANNUM ARGUED THAT INCREASE TO \$4-MILLION WOULD ONLY RESTORE REAL PURCHASING POWER, AND FELT \$4.5-MILLION WAS THEREFORE BEST SALABLE ALTERNATIVE. US ARGUED THAT PUSHING TARGET UNREALISTICALLY HIGH RAN RISK THAT DONORS WOULD SIMPLY REFUSE TO COOPERATE, PERHAPS DAMAGING AGENCY TA PROGRAM AND, DUE TO LDC BACKLASH, OTHER AGENCY PROGRAMS OF INTEREST TO DONORS. DONORS SHOULD STRONGLY MAKE CASE TO LDC'S

THAT TARGET COULD NOT BE VIEWED IN ISOLATION; A AND B COMMITTEE WOULD BE ASKED TO CONSIDER SUBSTANTIAL INCREASE IN REGULAR BUDGET FOR PROGRAMS DIRECTED TO INTRODUCTION OF NUCLEAR POWER IN DEVELOPING COUNTRIES AND LDC'S MUST REALIZE THAT THIS ALSO SERVED THEIR INTERESTS VERY DIRECTLY AND CONCRETELY. FINALLY, IF DONORS SIMPLY WALKED AWAY FROM DISCUSSION AND ALLOWED LDC'S TO SET TARGET WHEREVER THEY WISHED, THIS RAN THE RISK THAT SUBSTANTIAL SHORTFALLS WOULD THEN BE CITED AS ARGUMENTS IN FAVOR OF FINANCING TA FROM REGULAR BUDGET (DG'S STUDY OF THIS QUESTION WILL NOT BE BEFORE A AND B COMMITTEE, BUT SUBJECT REMAINS IN FOREFRONT OF EVERYONE'S MIND).

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6. U.S. THEN INQUIRED WHICH REPS FELT THEIR GOVERNMENTS MIGHT BE ABLE TO CONTRIBUTE AT OR ABOVE ASSESSED BASE RATE SHARE OF \$4-MILLION TARGET. MOST, STRICTLY PERSONALLY, FELT THIS AT LEAST POSSIBLE. U.S. THEN INQUIRED ABOUT TARGET OVER \$4-MILLION. AUSTRALIAN REP HAD INSTRUCTIONS TO JOIN ANY CONSENSUS ON TARGET; HENCE IF THERE WAS CONSENSUS ON HIGHER FIGURE, HE EXPECTED THAT AUSTRALIA WOULD ACCEPT THIS AND PAY ITS SHARE. FRANCE, BELGIUM AND ITALY INDICATED THAT IT NOT RPT NOT LIKELY THEY WOULD PAY FULL SHARES. JAPAN DELAUGHED WHEN ASKED, BUT DID NOT ANSWER (HE HAD RESPONDED WITH IMMEDIATE AFFIRMATIVE ON \$4-MILLION). CANADA REP FELT \$4-MILLION WAS ABSOLUTE MAXIMUM TOWARD WHICH HE HAD ANY GROUNDS TO HOPE GOC WOULD PAY ASSESSED BASE RATE SHARE. UK HAD NO INSTRUCTIONS AND ABSOLUTELY NO IDEA. US OPINED THAT WE WOULD PROBABLY BE ABLE CONTRIBUTE ASSESSED BASE RATE SHARE OF \$4-MILLION TARGET, BUT HIGHER FIGURE MIGHT WELL GIVE OUR AUTHORITIES SERIOUS PROBLEMS, AND COULD SERIOUSLY ERODE OUR TOTAL GIFTS IN KIND. AFTER FAIR AMOUNT OF DISCUSSION, GROUP AGREED TO TRY \$4-MILLION FIGURE ON LEADING LDC'S, CITING AS BEST ARGUMENT IN ITS FAVOR THAT DONORS APPEARED, HOWEVER RELUCTANTLY IN SOME CASES, READY TO CONTRIBUTE UP TO SOMEWHERE NEAR THIS LEVEL IN CASH, WHILE THE DONORS APPEARED, QUITE EAGERLY IN MANY CASES, READY TO WALK AWAY FROM ENTIRE DISCUSSION IN DISGUST IF FIGURE WERE ANY HIGHER.

7. COMMENT: MISSION HAD VERY DEFINITE FEELING THAT DONORS ARE NOT RPT NOT DISPOSED TO HAVE BRUISING FIGHT TO HOLD LINE ON TARGET THIS YEAR. IF LDC'S BECOME UNREASONABLE, MAJORITY OF DONORS APPEAR READY TO ALLOW THEM TO DO AS THEY WILL, BUT WITH IMPLIED OR EXPRESS RESERVATION OF DONORS' NATIONAL POSITIONS ON CONTRIBUTIONS TOWARD SUCH LDC IMPOSED TARGET. MISSION FELT THAT UK ATTITUDE WAS GOOD EXEMPLAR OF THIS INCIPIENT

ATTITUDE -- UK REP IS ARDENTLY SEEKING \$4.5-MILLION
TARGET BECAUSE HE FEELS NOTHING LOWER IS LIKELY TO SELL
AND WOULD LIKE TO AVOID POSSIBLY DAMAGING CONFRONTATION,
EVEN THOUGH HE HAS ABSOLUTELY NO IDEA OF HOW MUCH LONDON
MIGHT BE PREPARED CONTRIBUTE TOWARD SUCH FIGURE. IF
THIS ATTITUDE CAN BE GOTTEN ACROSS TO LDC'S, IT IS REMOTELY
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POSSIBLE THAT SOME OF THE MORE RESPONSIBLE AMONG THEM
MAY REALIZE THAT IMPOSITION OF TOO HIGH A TARGET THIS
YEAR COULD WIND UP BEING UTTER DISASTER FOR THEM AND
FOR AGENCY'S TA PROGRAM. PENDING DISCUSSION WITH LDC'S,
MISSION IS NOT RPT NOT YET IN POSITION TO MAKE ANY
DEFENSIBLE RECOMMENDATION AS TO WHAT LEVEL US SHOULD BE
PREPARED TO ACCEPT FOR TARGET FOR 1975. HOWEVER, WE
FEEL THAT IT IS SAFE TO SAY THT ANYTHING APPROXIMATING
\$5-MILLION OR OVER WOULD BE EXCESSIVE ENOUGH THAT
CONSIDERABLE NUMBER OF OTHER DONORS WOULD FEEL OBLIGED
TO WALK AWAY FROM FIGHT AND SIMPLY IGNORE TARGET IN
FRAMING PLEDGES FOR 1975. IF THIS SITUATION APPEARS
LIKELY TO EVENTUATE, MISSION WILL PROBABLY RECOMMEND
THAT WE ATTEMPT TO REACH GENEVA GROUP CONSENSUS FOR ALL
DONORS TO DO THIS IN CONCERT, IN ORDER TO AT LEAST
MINIMIZE FLAT-OUT CONFRONTATION WHICH WOULD BREAK
DONORS' FRONT. WE WILL REPORT FURTHER AFTER ADDITIONAL
CONSULTATIONS WITH OTHER PERMAENT MISSIONS. END COMMENT.

7. PROGRAM EXPANSION FOR INTRODUCTION OF NUCLEAR
POWER IN DEVELOPING COUNTRIES: US BRIEFED GROUP ON
OUR DISCUSSIONS WITH SECRETARIAT, ESPECIALLY REGARDING
ESTABLISHMENT OF GUIDELINES FOR POWER REACTOR SAFETY
AND RELIABILITY IN CONNECTION NUCLEAR SAFETY AND
ENVIRONMENTAL PROTECTION PROGRAM. GROUP AGREED THAT
FORMAL DISCUSSION WOULD BEST BE LEFT UNTIL DG'S PAPER
FOR A AND B COMMITTEE HAD BEEN CIRCULATED. (COMMENT: PAPER,
GOV/COM.9/96, WAS CIRCULATED LATE PM SAME DAY, SUBJECT
SEPTTEL END COMMENT).

8. GROUP THEN ADJOURNED SUBJECT CALL OF CO-CHAIRMAN,
WITH UNDERSTANDING THAT THERE WOULD BE FURTHER MEETING
ON PGPROGRAM EXPANSION OF MEMBERS FLET IT DESIRABLE, OR
ON PROBLEM OF CURRENCY FLUCTUATION AND CONSEQUENT
INSUFFICIENCY OF 1975 BUDGET ESTIMATES BEFORE JUNE
BOARD IF CURRENCY SITUATION HAD NOT IMPROVED BEFORE THEN.PORTER

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